



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 5, 1998

H.R. 3494

Protection of Children from Sexual Predators Act of 1998

As reported by the Senate Committee on the Judiciary on September 17, 1998

SUMMARY

H.R. 3494 would establish new crimes related to sexual offenses against children and increase fines and maximum sentences for some existing crimes involving the sexual abuse of children. This legislation would expand the government's forfeiture authority to certain sexual offenses. In addition, H.R. 3494 would restructure the existing Morgan P. Hardiman Missing and Exploited Children's Task Force into a resource center within the Federal Bureau of Investigation (FBI) to more effectively address cases of child abduction and serial murders. Enacting H.R. 3493 also would provide grants to states to assist in the implementation of sex offender registration programs and require the Department of Justice (DOJ) to conduct several studies on law enforcement efforts related to the sexual abuse of children.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 3494 would result in additional costs of about \$77 million over the next five years to operate the proposed FBI resource center, provide grants to states, and conduct several studies. Because enactment of H.R. 3494 could affect direct spending and receipts as a result of additional fines and forfeiture receipts, pay-as-you-go procedures would apply. However, CBO estimates that any impact on direct spending and receipts would not be significant.

H.R. 3494 contains an intergovernmental mandate and a new private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would not be significant and would not exceed the thresholds established by that act (\$50 million and \$100 million in 1996, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 3494 would increase spending for FBI operating costs by about \$26 million over the

1999-2003 period, and would increase spending for DOJ for providing grants to states and conducting various studies by about \$51 million over the same period. The estimated budgetary impact of H.R. 3494 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
FBI Operating Costs					
Estimated Authorization Level	5	5	5	5	6
Estimated Outlays	4	5	5	5	6
DOJ Grants to States and Studies					
Estimated Authorization Level	26	25	0	0	0
Estimated Outlays	6	15	18	10	1
Total Changes					
Estimated Authorization Level	31	30	5	5	6
Estimated Outlays	10	20	23	15	7

a. In addition to the effects on discretionary spending, H.R. 3494 would increase revenues and direct spending, but CBO estimates that such changes would be less than \$500,000 a year and any such changes would offset each other.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that H.R. 3494 will be enacted in October 1998, and that the estimated authorization amounts will be appropriated for each fiscal year.

Spending Subject to Appropriation

Based on information from the FBI, CBO expects that the FBI would require about \$5 million in appropriated funds in 1999 and a total of \$26 million over the next five years to meet the increased responsibilities specified in H.R. 3494. Currently, the FBI manages a nationwide task force to address child abductions. Additional funding would be required to establish and operate a centralized resource center at the FBI's training facility in Quantico, Virginia, that would assist federal, state, and local law enforcement authorities in their investigation of various crimes involving children. The funding would cover the costs of

salaries and benefits for additional agents and support personnel, data base support, and resources required for training assistance for state and local law enforcement authorities.

H.R. 3494 would authorize the appropriation of \$25 million for each of fiscal years 1999 and 2000 to assist states in their implementation of sex offender registration programs. In addition, based on information from DOJ, CBO estimates that an appropriation of about \$1 million would be required in 1999 to conduct various studies.

Because the U.S. Sentencing Commission cannot predict how it would incorporate increases in the statutory maxima for certain crimes as proposed under H.R. 3494, CBO cannot precisely estimate the potential costs that would be required to accommodate more prisoners in federal prisons. According to the U.S. Sentencing Commission, sex offenders account for about 1 percent of all federal cases sentenced each year (about 530 prisoners), and the average sentence for these prisoners is almost five years. Furthermore, based on information from DOJ, CBO expects that states will continue to prosecute the majority of sexual offenses. Thus, we do not expect that the likely increase in the number of prosecutions and convictions as a result of this act would lead to any significant increase in the federal prison population over the next five years.

Revenues and Direct Spending

Enacting H.R. 3494 could increase revenues, but CBO expects that the federal government would not collect a significant amount of additional fines from sexual predators who are prosecuted under federal law. Such fines are recorded in the budget as governmental receipts, or revenues, which are deposited in the Crime Victims Fund and spent in the following year. Because any increase in direct spending would equal the fines collected with a one-year lag, the additional direct spending also would be insignificant. CBO further estimates that enacting H.R. 3494 would result in little or no change in the amount of receipts deposited in the Assets Forfeiture Fund.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Although enacting H.R. 3494 could affect both direct spending and receipts, CBO estimates that any such effects would be less than \$500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3494 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that its costs would not be significant. The legislation would require that providers of electronic communication services report any knowledge of activity involving child pornography to a law enforcement agency or be subject to fines up to \$100,000. State and locally run universities, public libraries, or other facilities that provide Internet services to the public would be covered under this provision. Because these entities would not be required to seek out such activities, CBO estimates that any administrative costs associated with this mandate would not be significant.

The bill would also authorize \$50 million in grants over two years to offset state costs associated with the Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Program. Last, by providing federal training opportunities and investigative support, the bill may augment state and local investigations of child abductions and sexual abuse, serial murders, and kidnapping.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 3494 would impose a new private-sector mandate as defined in UMRA. The bill would require commercial providers of electronic communication services and remote computing services to report probable violations of federal child pornography laws to law enforcement officials. Under Section 604 of the bill, covered entities, such as Internet-service providers (ISPs), would have a duty to report to law enforcement when providers learn or circumstances suggest that customers or subscribers have engaged in activities involving child pornography. Knowing and willful failure by providers to report child pornography could result in fines of up to \$50,000 for the first failure and of up to \$100,000 for second or subsequent failures.

CBO estimates that the direct costs to the private-sector of complying with the new mandate would be below the statutory threshold in UMRA (\$100 million in 1996, adjusted annually for inflation). Although ISPs and similar communication services would not be required to monitor customer activities, they would have a duty to report probable violations to law enforcement officials.

Information from the National Center for Missing and Exploited Children (NCMEC), a private, nonprofit organization chartered by Congress, indicates that approximately 2,700 reports from external sources about child pornography were received by the organization's Cyber Tipline during its first 200 days of operations in 1998. If reports to NCMEC represent

10 percent to 20 percent of those that would be made annually to ISPs, the number of reports could be between 25,000 and 50,000. If NCMEC reports represent a greater fraction of total child pornography reports, ISP reports to law enforcement would be less than 25,000. The cost of each report is likely to be less than \$100.

ESTIMATE PREPARED BY:

Federal Costs: Susanne S. Mehlman

Impact on State, Local, and Tribal Governments: Lisa Cash Driskill

Impact on the Private Sector: Matthew Eyles

ESTIMATE APPROVED BY:

Paul N. Van de Water

Assistant Director for Budget Analysis